

**Introduced by Senator Campbell**

February 22, 2005

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An act to amend Section 80110 of the Water Code, relating to electricity.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 641, as introduced, Campbell. Electricity: electrical restructuring.

The existing Public Utilities Act requires the Public Utilities Commission pursuant to electrical restructuring, to authorize and facilitate direct transactions between electricity suppliers and retail end-use customers. However, existing law also suspends the right of retail end-use customers, other than community choice aggregators, as defined, to acquire service from certain electricity suppliers for a period of time to be determined by the commission, until the Department of Water Resources no longer supplies electricity under that law.

This bill would delete the suspension of direct transactions and would require that the commission, on or before January 1, 2007, reestablish the right of end-use customers to enter into direct transactions. The bill would provide that, notwithstanding other laws, the right of end-use customers to enter into direct transactions is to be pursuant to a core/noncore structure, to be defined by the commission. In implementing the core/noncore structure, the commission would be required to ensure that end-use customers that enter into direct transactions bear a fair share of the department's costs to purchase electricity or to accept a proportionate allocation of the electrical generation resources used by an electrical corporation to serve departing customers.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

Because the existing provisions for electrical restructuring are a part of the act and the implementation by the Public Utilities Commission of a core/noncore structure for direct transactions that is required by the bill would require an order or decision of the commission, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 80110 of the Water Code is amended to  
2 read:  
3 80110. The department shall retain title to all power sold by it  
4 to the retail end use customers. The department shall be entitled  
5 to recover, as a revenue requirement, amounts and at the times  
6 necessary to enable it to comply with Section 80134, and shall  
7 advise the commission as the department determines to be  
8 appropriate. Such revenue requirements may also include any  
9 advances made to the department hereunder or hereafter for  
10 purposes of this division, or from the Department of Water  
11 Resources Electric Power Fund, and General Fund moneys  
12 expended by the department pursuant to the Governor's  
13 Emergency Proclamation dated January 17, 2001. For purposes  
14 of this division and except as otherwise provided in this section,  
15 the Public Utility Commission's authority as set forth in Section  
16 451 of the Public Utilities Code shall apply, except any just and  
17 reasonable review under Section 451 shall be conducted and  
18 determined by the department. The commission may enter into  
19 an agreement with the department with respect to charges under  
20 Section 451 for purposes of this division, and that agreement  
21 shall have the force and effect of a financing order adopted in

1 accordance with Article 5.5 (commencing with Section 840) of  
2 Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, as  
3 determined by the commission. In no case shall the commission  
4 increase the electricity charges in effect on the date that the act  
5 that adds this section becomes effective for residential customers  
6 for existing baseline quantities or usage by those customers of up  
7 to 130 percent of existing baseline quantities, until such time as  
8 the department has recovered the costs of power it has procured  
9 for the electrical corporation's retail end use customers as  
10 provided in this division. ~~After the passage of such period of time~~  
11 ~~after the effective date of this section as shall be determined by~~  
12 ~~the commission, the right of retail end use customers pursuant to~~  
13 ~~Article 6 (commencing with Section 360) of Chapter 2.3 of Part~~  
14 ~~1 of Division 1 of the Public Utilities Code to acquire service~~  
15 ~~from other providers shall be suspended until the department no~~  
16 ~~longer supplies power hereunder. The Public Utilities~~  
17 *Commission shall, on or before January 1, 2007, reestablish the*  
18 *right of end-use customers to enter into direct transactions.*  
19 *Notwithstanding any other provision of law, the right of end-use*  
20 *customers to enter into direct transactions shall be pursuant to a*  
21 *core/noncore structure, to be defined by the Public Utilities*  
22 *Commission. The core/noncore structure implemented by the*  
23 *Public Utilities Commission shall require that end-use customers*  
24 *that enter into direct transactions bear a fair share of the*  
25 *department's costs to purchase electricity or to accept a*  
26 *proportionate allocation of the electrical generation resources*  
27 *used by the electrical corporation to serve the departing*  
28 *customer. The department shall have the same rights with respect*  
29 *to the payment by retail end use customers for power sold by the*  
30 *department as do providers of power to such those customers.*

31 SEC. 2. No reimbursement is required by this act pursuant to  
32 Section 6 of Article XIII B of the California Constitution because  
33 the only costs that may be incurred by a local agency or school  
34 district will be incurred because this act creates a new crime or  
35 infraction, eliminates a crime or infraction, or changes the  
36 penalty for a crime or infraction, within the meaning of Section  
37 17556 of the Government Code, or changes the definition of a  
38 crime within the meaning of Section 6 of Article XIII B of the  
39 California Constitution.

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